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CENTRAL INTELLIGENCE AGENCY
OFFICE OF NATIONAL ESTIMATES

13 November 1959

MEMORANDUM FOR THE DIRECTOR OF CENTRAL INTELLIGENCE

SUBJECT: The Situation in the Caribbean

1. On the basis of a discussion with the USIB representatives, our general conclusions are that developments since publication of SNIE 80-59, "The Situation in the Caribbean through 1959", have not significantly altered the validity of that estimate. In view of increased USIB interest in the Caribbean, however, we recommend that the target date for the presently scheduled estimate on the Caribbean be pushed up from March to early January 1960.

2. Brief assessments of the present outlook for each of the countries considered in SNIE 80-59 are given below:

a. Cuba. The adverse trends projected in SNIE 80-59 have become considerably more pronounced since June. Castro's radical advisors -- and the Communists per se -- have continued to consolidate their positions at the expense of more moderate

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elements, but ultimate power apparently still rests with Fidel Castro himself. The latter's impulsive and arbitrary actions have alarmed and alienated increasing numbers, not only in Cuba's large middle class but also among Castro's own original followers. However, there are still no signs of the emergence of an opposition which might seriously challenge Castro, who commands widespread popular support, particularly among the lower classes. Although Castro's policies have had an unsettling effect in many sectors of the economy, prospects for sugar and food production are good and the outlook for the economy as a whole is reasonably favorable through the first quarter of 1960.

The last few months have been marked by the increasing explicitness and vehemence of Castro's anti-Americanism. Given Castro's emotionalism and the anti-American bias of his principal advisors, Cuban policy will probably continue to be characterized by efforts to use the US as a whipping boy, possibly involving gestures such as recognition of Communist China or threats to expel the US from the Guantanamo base.

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b. The more immediate prospects for the regime in Nicaragua appear to have improved since last summer. The capable National Guard has remained loyal to the regime, thus enabling the Somozas to overcome several small-scale incursions by exiles and outbursts by the internal opposition. Although various exile groups remain active and internal opposition is probably growing, the anti-Somoza elements probably still lack the ability to move with sufficient vigor and dramatic effect to arouse the widespread popular support required to pose a serious challenge to the regime. Hence, the Somoza regime seems likely to survive for some time.

c. In the Dominican Republic, Trujillo's problems are multiplying. The economic situation is poor, and the heavy military expenditures incurred in an effort to build up the regime's external defenses have placed further strains on the treasury. Nevertheless, the considerable latent opposition which we estimated to exist is only slowly becoming manifest and cannot yet be identified. At the same time, Trujillo probably retains widespread support among the lower class and peasant groups and appears to retain full support from the military, the mainstay of his regime. Thus, our previous estimate that

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Trujillo would survive through 1959 can probably be safely extended for another few months.

d. Panama. The anti-US disorders which recently broke out in conjunction with the celebration of Panama's independence day clearly reflect the admixture of political instability and growing anti-American feeling noted in SNIE 80-59 and discussed at greater length in SNIE 100-3-59, "Threats to the Stability of the US Military Facilities Position in the Caribbean and Brazil." Although we do not believe that US control in the Canal Zone is immediately threatened, recent events have reinforced our belief that efforts to stir up and exploit anti-US feeling will figure prominently in Panamanian political maneuvering at least through the presidential elections of 1960. There also remains a continuing danger of flareups of anti-US feeling in the crowded population centers adjacent to the Canal Zone, where there is much poverty, unemployment, and resentment against the zone and its administration. The present De la Guardia regime, though relatively moderate in outlook, will probably continue to feel it necessary to undercut the opposition by demonstrations of its vigilance in asserting Panamanian demands.

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e. Guatemala. We continue to believe that the government of President Ydigoras is not immediately threatened. Nevertheless, the President's most difficult days are ahead, and how long his political cunning will keep him in power is uncertain. Political unrest stems from preparations for early December congressional elections, rightist alarm at the rising tide of leftist forces, depressed economic conditions, and maladministration and corruption in the government. With little popular or organized political support, the President is engaged in building up the far left splinter groups in order to neutralize the country's strongest party, the non-communist and leftist Revolutionary Party. In so doing he may induce a coup by rightists and the military, who are actively plotting.

f. The situations in El Salvador and Costa Rica have remained basically unchanged. As described in SNIE 80-59, administrations in these countries are not immediately threatened, and Honduras continues unstable. We are inclined to extend the Haitian regime's better than even chances for surviving 1959 well into 1960. However, in line with the June estimate, it still seems ^{highly} unlikely that it will be able to remain in office to the end of its term (1963).

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